

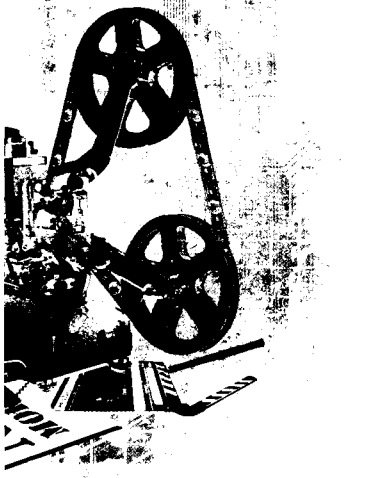


InterWorld

DIGITAL CINEMA

Redefining

# Entertainment



## Interworld Digital Ltd.

Digital Cinema - Mobile Communication

Annual Report 2008 - 2009

Passion – Commitment – Integrity – Innovation - Service

**14<sup>TH</sup> ANNUAL REPORT**  
**2008-2009**

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**BOARD OF DIRECTORS**

SH. MAN MOHAN GUPTA  
SH. PEEYUSH KUMAR AGGARWAL  
SH. S. N. SHARMA  
SH. SANJAY GUPTA

**STATUTORY AUDITORS**

M/s RMA ASSOCIATES  
CHARTERED ACCOUNTANTS,  
1479, LAWYERS CHAMBER,  
KASHMERE GATE,  
DELHI - 110 006

**BANKERS**

VIJAYA BANK  
KAMLA NAGAR,  
DELHI - 110 007

BANK OF INDIA  
MALAD (WEST),  
MUMBAI 400 064

**REGISTERED OFFICE**

701, ARUNACHAL BUILDING,  
19, BARAKHAMBA ROAD,  
CONNAUGHT PLACE,  
NEW DELHI - 110 001

**CORPORATE OFFICE**

110, LINKWAY ESTATE,  
NEW LINK ROAD, MALAD (W),  
MUMBAI - 400 064

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# INTERWORLD DIGITAL LIMITED

Regd. Office: 701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110001

## NOTICE FOURTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Interworld Digital Limited will be held at 308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi - 110005 on Wednesday, 30<sup>th</sup> day of December, 2009 at 09.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the period ended as at that date and the report of the Auditor's and Director's thereon.
2. To consider the declaration of dividend if any.
3. To appoint a Director in place of Mr. S.N. Sharma who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to pass with or without modification, the following resolution as an ordinary resolution:

**"RESOLVED THAT** M/s RMA & Associates, Chartered Accountants, New Delhi, Company's retiring Auditors, being eligible and offering themselves for reappointment, be and are hereby appointed as the Statutory Auditors of the Company to hold the office until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company."

**By the order of the Board  
For Interworld Digital Limited**

**Sd/-  
Man Mohan Gupta  
Chairman & Managing Director**

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009**

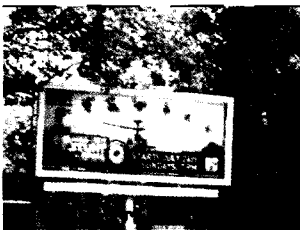
### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A FORM OF PROXY IS ENCLOSED TO THE NOTICE SENT TO THE SHAREHOLDERS. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 26<sup>th</sup> December, 2009 to Wednesday, 30<sup>th</sup> December, 2009 (both days inclusive).
3. Members are requested to notify change in their address, if any, to the Company immediately or to their Depository Participant, if the shares are held in Demat form.
4. Register of shareholders is open for inspection at the Registered office of Interworld Digital Ltd. during office hours on all working days between 11.00 a.m. and 1.00 p.m. till the date of Annual General Meeting.
5. Members are requested to bring their own copy of Annual Report along with them.
6. Members desiring any information with regard to accounts and operations of the Company are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information available at the meeting.

# Interworld Digital Ltd Forays into a 360° OOH Media Venture:

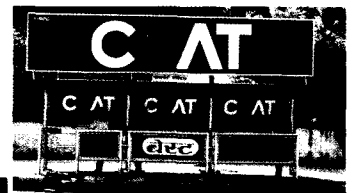
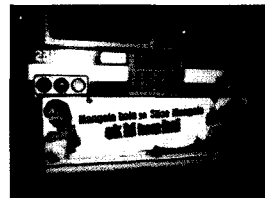


## Billboards/ Hoardings



## Unipoles/ Kiosks

## Bus Shelters



## Bus Wraps

## Malls



## Branding

## Multiplexes/ On Screen

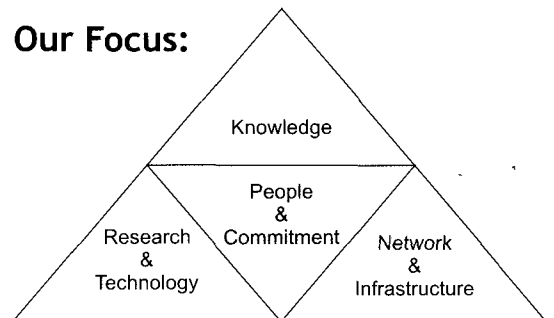


## Branding

### Our USP:

- Media presence across India
- Accurate & timely Monitoring across all cities
- Optimum quality standards of Media & Services
- Focus on Customer Satisfaction
- Innovative Solutions
- Value Based Services
- Optimization of budgets
- Accountability of budgets
- Huge talent pool and knowledge bank in the OOH Space!

### Our Focus:



In Theater & Ambient Advertising  
Across 60+ Digital Theaters

Mobile Marketing/Short Code/Bulk SMS

ANYONE CAN STEER THE SHIP.. BUT IT TAKES A LEADER TO CHART THE COURSE..!!

## Directors' Report

### To The Members of Interworld Digital Limited

Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report of Interworld Digital Limited together with the Audited Accounts of the Company, for the financial year ended 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

The financial results of the company for the year under review are as follows:

Rs. (In Lacs)

Particulars	Current Year	Previous Year
Income from Operations	840.14	3105.80
Other Income	0.92	0.22
Total Income	841.06	3106.02
Total Expenditure	751.63	2978.49
<b>Profit before Depreciation, Interest &amp; Tax (PBDIT)</b>	<b>89.42</b>	<b>127.54</b>
Interest	-	-
Depreciation	63.94	64.58
Profit before tax	25.48	62.96
Provision for taxation	3.27	7.05
Deferred Tax	(24.42)	9.79
Profit after tax (PAT)	46.63	46.12
Profit brought forward from previous year	186.45	140.33
<b>Balance carried to Balance Sheet</b>	<b>233.08</b>	<b>186.45</b>
<b>Paid-up equity share capital</b>	<b>704.00</b>	<b>704.00</b>
<b>Reserves &amp; Surplus</b>	<b>113.40</b>	<b>1087.33</b>

### REVIEW OF OPERATIONS

During the year under review, your company's total income was Rs.841.06 Lacs as compared to Rs 3106.02 Lacs in the previous financial year. The operating profit for the year ended March 31, 2009 was Rs. 89.42 Lac as compared to Rs. 127.54 Lac in the preceding financial year. The profit after tax is Rs.46.63 Lac and was Rs. 46.12 Lac in the previous financial year.

### DIVIDEND

Due to major expansion & diversification plans down the line, the Board has decided to retain the profits generated during the year. Therefore, the Board has decided not to declare any dividend for the year ended 31<sup>st</sup> March, 2009.

### DIRECTORS

At the ensuing Annual General Meeting Mr. S. N. Sharma, Director of the Company retires by rotation and being eligible offers himself for reappointment. Mr. S.N. Sharma, aged 52 years, is a Science Graduate and a fellow member of Institute of Chartered Accountants of India with his professional career spanning over 25 years, covering the key areas of finance, legal, strategic planning, project planning & execution. His multi-faceted professional acumen has been recognized at a Global level, through his nomination in the 30<sup>th</sup> Edition of "Marquis Who's Who in Finance & Industry," a USA based publication.

During his illustrious career he has held key positions with large corporate houses like Oswal Group, Bhilwara Group, Polar Group, Jumbo Global Ltd. and the DCM group. His specialization is in turn around and restructuring, with his last assignment being associated with the Madhya Pradesh Government as a nominee of MP Govt, Indian Financial Institutions and the State Bank Group.

He is the Managing Director of Global IT Options Ltd. and a Director of DCM International Ltd. and Hi-End Training (P) Ltd.

Your Directors recommend his reappointment in the overall interest of the Company.

## **AUDITORS' REPORT**

The observations made by the Auditors are self-explanatory & do not require further clarifications.

### **AUDITORS**

M/s. RMA & Associates, Chartered Accountants, New Delhi, retiring as the Statutory Auditors, at the conclusion of the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment which, if made, will be in accordance with Section 224 (1B) of the Companies Act, 1956. Your Directors recommend their appointment.

### **PARTICULARS OF EMPLOYEES**

There are no employees who are in receipt of remuneration aggregating the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Since the Company is not carrying any manufacturing activities, the details relating to the conservation of energy and technology absorption is not quite relevant to the Company.

There was no foreign exchange earning and outgo during the year under review.

### **PUBLIC DEPOSITS**

Your Company has no fixed deposits. Further it has neither accepted nor renewed any Fixed Deposits from the public within the meaning of Section 58A of the Companies Act, 1956 during the year under review.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement for the financial year ended 2008-2009, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under consideration.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts of the Company for the financial year ended March 31, 2009 on a going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **I. Industry Structure and Developments**

#### **About Digital Cinema**

We believe that the introduction of digital cinema represents the greatest opportunity for enhancing the theatrical film experience since the introduction of sound and the advent of colour. The conversion from celluloid film distribution and display to an all digital system has the potential of providing real benefits to theatre audiences, theatre owners, film makers & film distributors. But in order for these benefits to be fully realized, digital cinema must be defined, standardized & implemented in a way that ensures that the benefits accrue to all stakeholders.

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## **Satellite to Screen**

Digital Cinema is technological version of conventional cinema. Technology improves the theatrical entertainment experience from the existing boring to new heights of sensational experience. The technology developed and used by Interworld is an state of art for high experience of Indian audience in all Indian climatic and environmental conditions.

## **Digital Cinema Concept, Technology, and Process**

Digital Cinema is a high technological concept of exhibiting and distributing movies. Various digital media are used (Fibre Optics, Satellite transmission etc) for transportation of digital signals and data, instead of analogue media (Prints) to record, transmit and replay images. Digital Cinema uses Digital video projectors instead of analogue projectors and servers which stores, transmit, retrieve and replay a huge amount of information exactly as it was originally recorded.

## **DigiCine Makes Movies even more live**

Our DigiCine technologies are a powerful and reliable box-office attraction. DigiCine's Digital Cinema solution is designed and built specifically for real-world cinemas. Our digital cinema system is a complete, reliable, comprehensive, powerful, and flexible solution that combines ease of operation with an unmatched viewer experience and the highest level of security in the business

- Offers superb picture and sound quality
- Integrates easily with existing automation and sound systems
- Ensures flexibility to meet your changing needs and offers no cost to theatre owners and pay as you go model to protect your investment for years to come
- Includes everything you need to efficiently manage and present your features
- Very near to key Digital Cinema Initiatives (DCI) specifications in comparison of cost involved

At present, there are 13000 theaters in India and in near future there will be approx. 20000 screens in India. We have targets to Digitize at least 300 of these theaters in Bombay film circuit by 2010 which is not a big target to achieve provided sufficient financial support is available.

We presented our New Vision DCC 2010 paper and available at the following link:  
[http://bseindia.com/xml-data/corpfiling/announcement/Interworld\\_Digital\\_Ltd\\_100609.pdf](http://bseindia.com/xml-data/corpfiling/announcement/Interworld_Digital_Ltd_100609.pdf)

## **We offer Multiplex quality to Single screen theaters**

DigiCine is supported by 3S technology to provide high quality picture and sound quality. Our 3S projectors are 1920 x 1080p standard. To ensure high quality images and sound 3S technology and equipments are best in Indian market. No other competitor in Indian market can match the quality. For high resolution of real theater quality our file size is approx 70-80 GB with sound file of 5-7 GB (Near to the DCI standard) while other competitors file sizes for full movie is approx. 7-8 GB. So the industry realised that our sound and picture quality can never be matched by our competitors. The high quality conscious single screen theaters are making DigiCine their First Choice. We are proud of our quality and the best theaters of Bombay Film Circuit is in our network.

## **Our Ambitious future plans and restructuring of Business**

As per discussions with various investors and financial engineers, the company is not getting proper valuation for our Digital cinema business. The investors are interested in investments but CMP is barrier. The board has decided to form the following subsidiaries and divisions:

1. DigiCine Manroranjan Ltd. or as approved by ROC : We are proposing to form a subsidiary to handle the entire Digital Cinema business. This new company will take over the existing business and Interworld will invest in the company for new installations, technology and theater management.
2. IndMobile Ltd. or as approved by ROC : We are proposing to form a subsidiary to handle the entire

Mobile VAS business. This new company will take over the existing business and Interworld will invest in the company for new applications, technology and managed services.

3. IDL DigiMedia P. Ltd. or as approved by ROC: We are proposing to form a subsidiary to do business of 360 Digital media and in-Cine Advertising.
4. Interworld Digital Ltd.: We are proposing the parent company will take care for management of all subsidiaries which are 100% independent in working and management with diversified businesses.

## **II. Opportunities and Threats**

### **Mobile Communication**

Another promising field is Mobile Communication. Currently we provide SMS based services to NSDL. The management would like to have a second focus in Mobile advertising which will be another revenue deriving area in times to come. Interworld's management is in talks with companies, either to acquire major stakes or form another JV, subject to approval and acceptance of our partners and investors.

The new identity will have focus on Mobile Advertising and the present company will not lose any revenue but add more profitability.

### **Text Messaging (SMS)**

An emerging marketing tool

Now a new communication mode, text messaging or Short Message Service (SMS) provides Now a new communication mode, text messaging or Short Message Service (SMS) provides an additional and extraordinary opportunity for companies and organizations of all industries to differentiate themselves.

India is poised for explosive SMS growth. Over 250 million Indians now use mobile phones capable of sending and receiving SMS messages. Domestic traffic is more than tripling annually making India the largest growth market for SMS messaging.

Demand for SMS is increasing everyday. Research has predicted that two trillion messages would be sent in 2009.

### **About Bulk SMS**

Bulk SMS means sending a single SMS to a large database of mobile no. stored in your online mobile address book. This enables you to share any urgent message with your clients, without wasting time in calling up them and the purpose will be served well.

### **Signature Services**

Progressive, Yet User Friendly Technology & Superior Account Management

Interworld provides the ability for corporate and brands to communicate with large groups of people instantaneously anytime and anywhere via their mobile phone. Services include content delivery to mobile devices, mobile advertising, premium SMS, mobile sweepstakes, TXT2Screen, Txt N' Win and wireless consulting.

Our team is dedicated to the solutions, we provide to each and every one of our clients. Our skill sets are complimentary in management, marketing /advertising and software development with significant international mobile marketing experience.

Interworld maintains a professional approach and will do everything to manage expectations and achieve the results you expect. The company is dedicated to delivering the right mobile experience for both you and your customers, and linking them to your brand, products and services.

Your Most powerful marketing Weapon is the consumer's Mobile Phone

Indian telecom industry is shinning now days. The country has become the fastest growing telecom market in the world.

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India is expected to have 700 million mobile subscribers by the turn of the decade, which means every two Indian will have his/her own mobile phone by 2013.

### **Digital Cinema**

In the traditional system, the cost of the print (Rs. 60,000 plus) is prohibitive and restrictive in terms of ensuring the penetration of the films into the hinterland (Class B and C towns). "Digital cinema has a lower cost per print. Through satellite technology, Digital cinema technology consumes 60 per cent less electricity and facilitates savings of 40,000 Kva p.a."

The current digital cinema wave unlike the earlier one. However, earlier, the digital drive was hampered due to the higher initial investment. "The other reasons, which can hinder the growth of digital cinema include: lack of corporate finance in this capital intensive business; transition from creative business to professional set-ups in terms of expertise and resources; and inability to accept a radically different business model where the risks are shared.

Digital is the way forward. Worldwide, there is a tremendous excitement about this technology, which is being hailed as the next leap in film distribution and exhibition.

Digital cinema represents a serious threat to the industry but also a tremendous opportunity. The threat is film piracy, because the digital file is of the ultimate quality. Were it stolen, then the copies on the streets or the Internet would be identical to the director's masterat which point all value vanishes. Furthermore, as the files move from the studio to the distributor to the exhibitor, and are eventually stored in the cinema, the chain has many potential weak spots. But here's the tremendous opportunity: with careful system design, the digital file can be protected at each stage far more effectively than has ever been possible with the film print. Sophisticated encryption techniques can easily keep the data secure at every step, from the production house all the way to the cinema. Equally, good engineering design of the cinema devices can ensure that the data is never "in the clear" that is, never unencrypted and extractable.

### **III. Segment-wise performance**

The Company is into single reportable segment only.

### **IV. Outlook**

Digital Cinema makes it possible to show movies of good quality with minimum set up time and minimum cost. It makes a way of bringing people together into a great evening. The Board of Directors of your company is looking for fully featured Digital Cinema Model for enhancing theoretical experience as per the requirements of Indian Scenario along with existing business activities. The Board is of the opinion that it will help the Company to emerge itself as a leader in production, promotion & distribution of entertainment, news, sports & music. However, in commercial terms it will generate additional revenue & as well as net worth of company.

During the year under review, the Company had entered into terrestrial film distribution of Movies. The Company has taken selected territory rights and released its first movie "Men not allowed" produced by Shri Vardan Pictures through Digital Cinema.

The company also released its second movie "Mr. Hot Mr. Kool" in January, 2007 which was a profitable venture for the company. The third movie of the Company Mere Hamsafar's production is on hold and may be released in near future after having sufficient no of theaters in our network. During the year under review, your company also qualified for ISO 9001: 2008 certification. The Board is proud to inform you that your company is the first company to get ISO certification in motion picture production and Digital Cinema.

Your Company has been continuously expanding on its services and capabilities base to be a one-stop service provider, from consulting to IT Services to Digital Cinema. As the Indian economy grows and merges further with the global economy, the focus of demand for IT and entertainment services will shift from large deals signed by the large enterprises to increasing number of mid-size and small enterprises signing IT and entertainment services which is expected to be the next phase of growth in the Indian IT and entertainment services market. The industry outlook for IT, entertainment, electronic media, multi media is promising and bright.

During the year under review, the Company is providing service to NSDL for Enterprise Mobile solutions for Tax Information Network. The Board believes that this will enable the applicants to instantly know the status of their applications in just a simple SMS.

### **V. Internal Control Systems and their Adequacy**

The company has adopted adequate internal control and audit system commensurate with its size and nature

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of business. The management and the Board are responsible for the internal control system to safeguard the assets and to ensure reliability of financial records.

The audits are conducted to review the adequacy and effectiveness of internal controls and suggest improvements for strengthening them. Audit plans are made out with due weightage to the risk parameters associated with the business processes. Reviews are carried out to ensure follow up on the audit observations.

Internal auditors work with all levels of management and the report is placed before the Audit Committee. The Audit Committee after reviewing the findings and suggestions directs the respective departments to implement the same.

## **VI. Financial**

The operating profit for the year ended March 31, 2009 was Rs. 89.42 Lac as compared to Rs. 127.54 Lac in the preceding financial year. The profit after tax is Rs.46.63 Lac and was Rs. 46.12 Lac in the previous financial year.

## **VII. Material developments in human resources / industrial relations front**

The Company takes pride in the commitment, competence and vigor shown but its workforce in all realms of business and value human resources as it is very vital to the growth of the Company. The Company continues to take new initiatives to further align its HR Policies to meet the growing needs of the business. The Board of Directors of your company would like to place on record their sincere appreciation for the efforts and contribution made by all the employees of the Company in the challenging environment. The Company has a well-defined appraisal system to assess and reward the employees appropriately and also to gauge the potentials of the individuals.

## **VIII. Cautionary statement**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "Forward Looking Statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include cyclical demand and pricing in the Company's principal markets, changes in Government Regulations, tax regimes, economic developments within India and other incidental factors.

## **CORPORATE GOVERNANCE**

The report on Corporate Governance along with Auditor's Certificate on its compliance is annexed and forms part of the Annual Report.

## **ACKNOWLEDGEMENT**

Your Directors wish to record their appreciation of the sincere efforts put in by the employee towards the sustained growth, success and development of the company.

Your Directors are thankful for the support extended by the Customers, Vendors, Bankers, Government and Statutory Authorities, and last, but not the least to our Shareholders for their continuous support and encouragement.

**By the order of the Board  
For Interworld Digital Limited**

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009**

**Sd/-  
Man Mohan Gupta  
Chairman & Managing Director**

## **REPORT ON CORPORATE GOVERNANCE**

### **I. Philosophy on code of corporate governance**

The Company believes in and has consistently practiced good corporate governance. The Company creates an environment for the efficient, just and ethical conduct of the business and to enable the Management to meet its obligations in a fair, transparent and equitable manner to all stakeholders viz. its customers, shareholders,

employees and the community in which the Company operates. The Board of Directors believes in managing the Company's affairs efficiently and in a responsible manner. The Company envisages the attainment of a high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally.

## II. Board of Directors

The Board of Directors of the Company comprises of a fair number of professionally competent and acclaimed Directors. As against the requirement of holding one meeting in every quarter and at least four meetings in every year under section 285 of the Companies Act, 1956, the Board of Directors of the Company met 10 times during the year. Detailed Agenda Notes and MIS reports of all the divisions and the information required to be given in terms of Annexure I of clause 49 of the Listing Agreement was circulated to all the Directors. The Directors actively participated in the deliberations of the Board. The maximum interval between any two meetings was Two months. During the year under review the Board held its meeting on **30<sup>th</sup> April 2008, 30<sup>th</sup> July 2008, 3<sup>rd</sup> September 2008, 31<sup>st</sup> October 2008, 5<sup>th</sup> December 2008, 31<sup>st</sup> January 2009 and 31<sup>st</sup> March 2009.**

**Attendance in the Board Meetings held as specified above -**

## III. Committees of the Board

Currently, the Board has three committees:

Name of Director	Designation	No. of Board Meetings		Attendance at last AGM
		Held	Attended	
Mr. Man Mohan Gupta	Managing Director	7	6	Yes
Mr. Peeyush Kr. Aggarwal	Director	7	7	Yes
Mr. S. N. Sharma	Director	7	6	Yes
Mr. Sanjay Gupta	Director	7	5	Yes

- a) Audit Committee
- b) Remuneration Committee
- c) Shareholders/Investors Grievance Committee.

### a) Audit Committee

Currently, the composition of Audit Committee is fully compliant with the corporate governance norms under Clause 49 of the Listing Agreement as well as with Section 292A of the Companies Act, 1956.

### Terms of reference

The terms of reference of the Audit Committee include the following:

- Reviewing the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment for other services.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- Reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial risk management policies.
- Reviewing the reports furnished by the internal auditors and statutory auditors and ensures suitable follow-up thereon.

The Committee held its meetings on 30<sup>th</sup> April 2008, 30<sup>th</sup> July 2008, 3<sup>rd</sup> September, 2008, 31<sup>st</sup> October 2008, 31<sup>st</sup> January 2009, and 31<sup>st</sup> March 2009. All the members of the committee were present in the meetings. The Chairman of the Committee attended the Annual General Meeting held on 30<sup>th</sup> September 2008 and provided clarifications to members of the Company on matters relating to accounts and audit.

#### **b) Remuneration Committee**

##### **Terms of Reference**

The broad terms of reference of the Remuneration Committee are:

- To determine the remuneration including commission payable to the Managing Director/Executive Director subject to the provisions of the Companies Act, 1956 and notifications, if any, issued by the Government thereunder.
- To finalize the perquisites package within the overall ceiling fixed by the Board.

During the year, the committee members met once to discuss the remuneration payable to the Managing Director, Executive Directors and senior officials and other staff members of the Company. All members attended the meeting of the Committee.

#### **c) Shareholders/Investors' Grievance Committee**

Share transfer, transmission and other important share registry matters are approved by the Committee of Directors.

##### **Terms of Reference**

- To scrutinize and approve registration of transfer of shares issued by the company.
- To decide all questions and matters that may arise in regard to transmission of shares issued by the Company.
- To approve and issue duplicate share certificates in lieu of those reported lost
- To refer to the Board any proposal of refusal of registration of transfer of shares for their consideration.
- To look into shareholders complaints like transfer of shares, non-receipt of annual reports, etc.
- To delegate all or any of its powers to Officers/ Authorised Signatories of the Company.

No complaints were received during the year.

##### **Name & designation of the Compliance Officer:**

Mr. Man Mohan Gupta Chairman & Managing Director.

#### **IV. Special Resolution/Resolution through Postal Ballot**

During the financial year 2008-09 no special resolution was passed and no resolution was put through postal ballot.

#### **V. Disclosures**

There have been no instances of non-compliance by the company and no penalties/strictures were imposed on the company by any Stock Exchange or by SEBI or any Statutory authority on any matters related to Capital markets during the year. Similarly, there was no default in the payments to the Shareholders and creditors of the company.

## VI. Means of Communication

Half yearly Accounts subject to Limited Review	Furnished to the Stock Exchanges.
Quarterly results published in	The quarterly financial results of the Company are announced within a month of the end of the respective quarter and also published in Jansatta & Financial Express.
Shareholding pattern	Furnished to the Stock Exchanges
Whether Management Discussion & Analysis Report is a part of the Annual Report	Yes, the Report forms part of the Directors' Report

The Company is regular in intimating unaudited as well as audited financial results to the Stock Exchanges immediately after the Board takes them on record. Further, wide coverage is given for the benefit of the shareholders and investors by publication of the financial results in Financial Express and Jansatta. Further, Financial results are displayed on Company's website.

## VII. General Shareholder Information

### Minutes of Committee Meetings

Minutes of all the committee meetings are circulated to the members of the Board, as an Agenda of Board Meeting, for their information and noting.

### General Body Meetings

Date, time and venue of the last three Annual General Meetings:

2005-06	September 30, 2006	09.30 A.M.	Subh Bandhan Marriage Place, Tomer Colony, Burari, Delhi – 110 084.
2006-07	September 29, 2007	09.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.
2007-08	September 30, 2008	9.30 A.M.	308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi – 110 005.

### Annual General meeting:

Date, Time & Venue	30 <sup>th</sup> December, 2009 at 09.30 A.M. 308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi - 110005
	As required under Clause 49 VI(A), particulars of the Director seeking appointment/reappointment are given in the Annexure to the Notice of the Annual General Meeting to be held on the above date.

### Financial Calendar for Financial Year 2009-10:

- |     |                                     |   |
|-----|-------------------------------------|---|
| (a) | Financial year                      | 1 <sup>st</sup> April, 2009 to 31 <sup>st</sup> March, 2010 |
| (b) | Financial reporting for the quarter |   |
|     | Ending June 30, 2009                | end July 2009   |
|     | Ending September 30, 2009           | end October 2009  |
|     | Ending December 31, 2009            | end January 2010  |
|     | Ending March 31, 2010               | end April 2010  |

### Dates of Book Closure:

26<sup>th</sup> December, 2009 to 30<sup>th</sup> December, 2009 (both days inclusive)

## Registrars & Share Transfer Agents (RTA'S)

Skyline Financial Services Private Limited,  
246, Sant Nagar,  
East of Kailash,  
New Delhi 110065

### Stock Exchanges where listed and stock code:

1. Bombay Stock Exchange Limited Scrip Code: "532072"

### Dematerialization of Shares

Company has entered into the agreement with the NSDL and CDSL whereby the shareholders have the option to dematerialize their shares with either of the depositories. Equity shares of the company are actively traded at Mumbai Stock Exchange.

Status of issued capital as on 31<sup>st</sup> March, 2009:

Total issued capital (no. of shares)		% of total capital
Demat Form	4,82,47,700	68.53 %
Physical Form	2,21,52,300	31.47 %
<b>Total</b>	<b>7,04,00,000</b>	<b>100.00 %</b>

### Market Price Data

The monthly high and low quotations of equity shares traded on the Bombay Stock Exchange Limited during the financial year 2008-09 is as follows:

**Scrip Code: 532072 Company Name: INTERWORLD DIGITAL LTD.**  
**For the period April 2008 to March 2009**

Year 2008-09 Month	Face Value (in Rs.)	BSE		
		High (Rs.)	Low (Rs.)	No. of shares traded
April 2008	1.00	2.32	1.48	569092
May 2008	1.00	4.01	2.43	2679464
June 2008	1.00	3.90	2.57	965787
July 2008	1.00	3.13	2.27	561088
Aug. 2008	1.00	3.04	2.37	831409
Sep. 2008	1.00	3.60	2.38	474573
Oct. 2008	1.00	2.27	1.09	267530
Nov. 2008	1.00	1.57	1.05	359526
Dec. 2008	1.00	1.89	1.47	289804
Jan. 2009	1.00	2.07	1.48	278557
Feb. 2009	1.00	2.10	1.54	313514
March 2009	1.00	1.55	1.28	406673

### Share transfer system

Share transfer requests received in physical form are registered within 30 days from the date of receipt and demat requests are normally confirmed within an average of 15 days from the date of receipt.

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**Distribution of shareholding as on March 31, 2009**

S. No.	Category	No. of Shares Held	Percentage of Shareholding
<b>A</b>	<b>Promoter's Holding</b>		
I	Indian Promoters	1,26,39,418	17.95
II	Foreign Promoters	Nil	Nil
	<b>Sub-Total</b>	<b>1,26,39,418</b>	<b>17.95</b>
<b>B</b>	<b>Non-Promoters Holding</b>	Nil	Nil
I	<b>Institutional Investors</b>	Nil	Nil
II	Mutual Funds and UTI	Nil	Nil
III	Banks, Financial Institutions, Insurance	Nil	Nil
IV	Companies (Central/State Government Institutions)	Nil	Nil
V	FII's	Nil	Nil
	<b>Sub-Total</b>	<b>Nil</b>	<b>Nil</b>
<b>C</b>	<b>Others</b>		
I	Private Corporate Bodies	3,61,99,701	51.42
II	Indian Public	2,15,20,580	30.57
III	NRIs/OCBs	40,301	0.06
	<b>Sub-Total</b>	<b>5,77,60,582</b>	<b>82.05</b>
	<b>Grand Total</b>	<b>70,400,000</b>	<b>100.00</b>

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Interworld Digital Limited

We have examined the compliance of conditions of Corporate Governance by Interworld Digital Limited for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that as per the report given by the Registrars & Share transfer agents of the Company to the Investor's Grievance committee, as on March 31, 2009, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. RMA & Associates,  
Chartered Accountants**

Sd/-  
**Pankaj Chander**  
Partner  
Membership No. 89065

Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009

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**Confirmation of compliance of Code of Conduct and Ethics**

**To,  
The Members of  
Interworld Digital Limited**

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations/declarations received, all the Directors and senior management personnel of the company have complied with the Code of Conduct framed by the company.

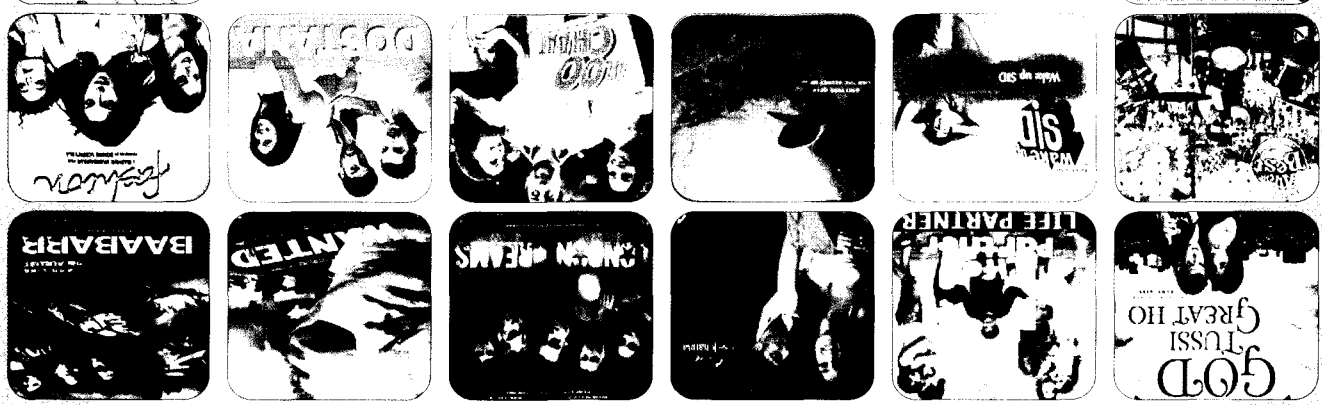
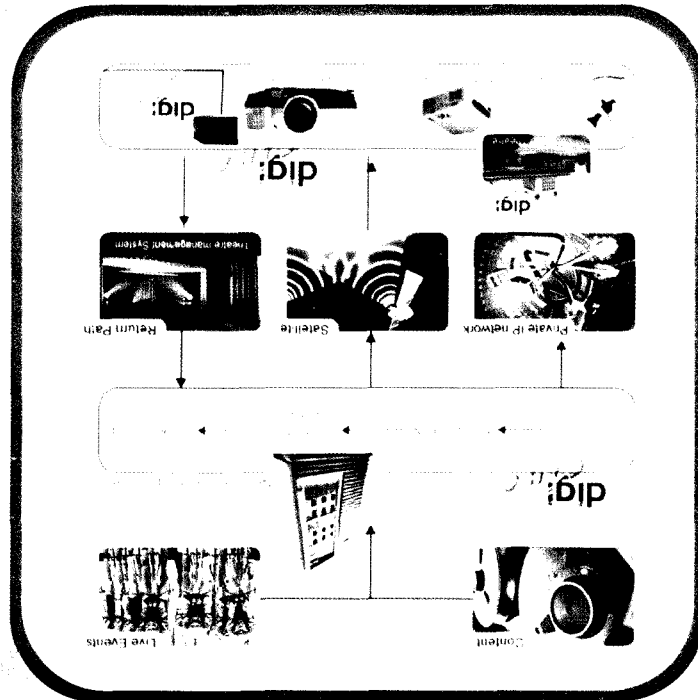
**For Interworld Digital Limited**

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009**

**Sd/-  
Man Mohan Gupta  
Chairman and Managing Director**

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## AUDITORS' REPORT

### The Members, INTERWORLD DIGITAL LIMITED

1. We have audited the attached Balance Sheet of **INTERWORLD DIGITAL LIMITED** as at 31<sup>st</sup> March 2009, the Profit & Loss Account and Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
  - (c) The Balance Sheet, the Profit & Loss Account and the Cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit & Loss account and the Cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in section 211 [3C] of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as at 31.03.2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - (ii) In the case of the Profit & Loss Account, of the profit of the company for the year ended on that date; and
    - (iii) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

**For M/s. RMA & Associates  
Chartered Accountants**

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009**

**Sd/-  
Pankaj Chander  
Partner  
M. No. 89065**

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## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the members of M/s. Interworld Digital Limited)

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified at reasonable intervals by the management and no material discrepancy was noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed assets during the year.
- (ii) (a) The company is not dealing in any goods therefore there is no inventory.
- (b) As already stated, since the company is not dealing any goods, there is no question of procedure of physical verification of inventory.
- (c) As already mentioned, the company is not dealing in any goods and therefore there is no question proper records of inventory.
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion, transactions if any made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (ix) According to the information and explanations given to us, and on the basis of our examination of the books of account, undisputed statutory dues including income-tax, service tax, wealth tax and any other statutory dues applicable to the company have generally been regularly deposited by it with the appropriate authorities during the year except Income tax Rs. 791215/- & FBT Rs 58617/- related for the A.Y 2008-09 has not been paid by the company till date and *an income tax demand of Rs. 13,353 raised in March, 2000 with respect to assessment year 1997-98 by the Income-tax authorities has not been paid by the company.*
- (x) The company does not have any accumulated losses at the end of the financial year covered by our audit and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues of the loan taken from bank. The company has neither taken any loan from a financial institution nor issued any debentures.

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- (xii) The company has not granted any loan or advance against the security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the company has not obtained any term loans.
- (xvii) According to the information and explanations given to us, we report that no short term funds have been used for long term investment.
- (xviii) The company has not made any preferential allotment of shares during the period covered by our audit to bodies corporate other than those covered in the Register maintained under section 301 of the Act.
- (xix) The company has not issued debentures during the period covered by our audit.
- (xx) The company has not raised money by way of public issues during the period covered by our audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For M/s. RMA & Associates  
Chartered Accountants**

**Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009**

**Sd/-  
Pankaj Chander  
Partner  
M. No. 89065**

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# INTERWORLD DIGITAL LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Share holder's funds</b>			
a) Share Capital	1	70,400,000	70,400,000
b) Reserves & Surplus	2	113,396,097	108,732,703
<b>LOAN FUNDS</b>			
a) Unsecured Loans	3	1,198,484	-
<b>Deferred Tax</b>			
a) Deferred Tax Liability		9,512,904	11,955,100
<b>Total</b>		<b>194,507,485</b>	<b>191,087,803</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
a) Gross Block	4	91,918,648	90,355,197
b) Less: Depreciation		46,189,667	39,795,333
Net Block		45,728,981	50,559,864
Capital Work in Progress		93,791,800	93,791,800
<b>Current Assets, Loans &amp; Advances:</b>			
a) Cash & Bank Balances	5	369,773	142,873
b) Sundry Debtors	6	45,094,335	66,651,218
c) Loans & Advances	7	18,376,477	22,064,474
Total Current Assets		63,840,585	88,858,565
<b>Current liabilities &amp; Provisions:</b>			
a) Current liabilities	8	7,972,206	37,843,655
b) Provision	9	1,003,175	4,438,772
Total Current Liabilities		8,975,381	42,282,427
<b>Net current Assets</b>		54,865,204	46,576,138
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	10	121,500	160,000
<b>Total</b>		<b>194,507,485</b>	<b>191,087,803</b>

Notes to Accounts & Significant

Accounting Policies 14

### Auditors' Report

As per our report of even date attached

For Interworld Digital Limited

For M/s. RMA & Associates  
Chartered Accountants

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
Mg. Director

Sd/-  
Director

Place: New Delhi  
Dated: 2nd September, 2009

# INTERWORLD DIGITAL LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2009

	Schedule	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>INCOME</b>			
Sales & Service Charges		84,014,250	310,580,670
Other Income		92,071	21,697
		<u>84,106,321</u>	<u>310,602,367</u>
<b>EXPENDITURE</b>			
Purchase and Service Charges		68,126,502	292,412,584
Personnel Expenses	11	2,027,388	3,200,433
Operating & Administration Exp.	12	5,002,710	2,219,259
Financial Expenses	13	6,992	16,370
Depreciation	4	6,394,334	6,458,073
		<u>81,557,926</u>	<u>304,306,719</u>
<b>NET PROFIT</b>		2,548,395	6,295,648
<b>Provision for</b>			
Current taxation		258,330	651,611
Fringe benefit tax		40,332	52,902
Deferred Tax		(2,442,196)	979,379
Short Provision of Earlier Years		28,535	-
Profit after tax		4,663,394	4,611,756
Profit/(Loss) brought forward		18,645,203	14,033,447
<b>Balance of Profit/(Loss) carried forward to Balance Sheet</b>		<u>23,308,597</u>	<u>18,645,203</u>
<b>Earning per share (EPS) - Basic/Diluted (Rs.) (Note No. 14)</b>		0.07	0.07

Notes to Accounts & Significant

Accounting Policies 14

### Auditors' Report

As per our report of even date attached

For M/s. RMA & Associates  
Chartered Accountants

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

For Interworld Digital Limited

Sd/-  
Mg. Director

Sd/-  
Director

Place: New Delhi  
Dated: 2nd September, 2009

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# INTERWORLD DIGITAL LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

DESCRIPTION	31st MARCH, 2009 (Rs.)	31st MARCH, 2008 (Rs.)
<b>1 SHARE CAPITAL</b>		
Authorized:		
11000000 (11000000) Equity Shares of Re. 1/- each	110,000,000	110,000,000
Issued, Subscribed & paid-up	70,400,000	70,400,000
70400000 (70400000) Equity Shares of Re. 1/- each, fully paid up	<b>70,400,000</b>	<b>70,400,000</b>
<b>2 RESERVES &amp; SURPLUS</b>		
Share Premium Account	90,000,000	90,000,000
Share Forfeiture Account	87,500	87,500
Profit and Loss Account	23,308,597	18,645,203
	<b>113,396,097</b>	<b>108,732,703</b>
<b>3 UNSECURED LOANS</b>		
Loans from Directors	-	-
Loans from Others	1,198,484	-
	<b>1,198,484</b>	-

### 4. FIXED ASSETS

S.No.	Description	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As on 01.04.2008	Additions during the year	Sales/adjust during the year	Total As on 31.03.2009	Up to 31.03.2008	for the year	Adjust. during the year	Up to 31.03.2009	As on 31.03.2009	As on 31.03.2008
	<b>A. Tangible</b>											
1	Land & Building	-	3,000,000	-	-	3,000,000	-	-	-	-	3,000,000	3,000,000
2	Computers	60.00%	23,552,721	42,500	-	23,595,221	23,397,582	94,690	-	23,492,272	102,949	155,139
3	Furniture & Fixtures	6.33%	762,868	32,000	-	794,868	89,775	49,416	-	193,191	655,677	673,093
4	Office Equipment	4.75%	577,878	-	-	577,878	117,804	27,449	-	145,253	432,625	460,074
5	UPS	4.75%	-	1,037,302	-	1,037,302	-	14,685	-	14,685	1,022,617	-
5	Vehicles	9.50%	1,473,000	-	-	1,473,000	768,395	139,935	-	908,330	564,670	704,605
6	Machinery and Plant	7.07%	837,531	451,649	-	1,289,180	101,078	90,445	-	191,524	1,097,656	736,453
	<b>Sub-Total (A)</b>		<b>30,203,998</b>	<b>1,563,451</b>	<b>-</b>	<b>31,767,449</b>	<b>24,474,635</b>	<b>416,620</b>	<b>-</b>	<b>24,891,255</b>	<b>6,876,194</b>	<b>5,729,363</b>
	<b>B. Intangible</b>											
1	Software & Intellectual Property Rights	10.00%	59,777,143	-	-	59,477,143	15,260,698	5,947,714	-	21,208,412	38,268,731	44,216,445
2	Copy Right	10.00%	300,000	-	-	300,000	60,000	30,000	-	90,000	210,000	240,000
	<b>Sub Total (B)</b>		<b>59,777,143</b>	<b>-</b>	<b>-</b>	<b>59,777,143</b>	<b>15,320,698</b>	<b>5,977,714</b>	<b>-</b>	<b>21,298,412</b>	<b>38,478,731</b>	<b>44,456,445</b>
	<b>TOTAL (A+B)</b>		<b>89,981,141</b>	<b>1,563,451</b>	<b>-</b>	<b>91,544,592</b>	<b>39,795,333</b>	<b>6,394,334</b>	<b>-</b>	<b>46,189,667</b>	<b>45,354,925</b>	<b>50,185,808</b>
	Development Exp.		374,056	-	-	374,056	-	-	-	-	374,056	374,056
	<b>GRAND TOTAL</b>		<b>90,355,197</b>	<b>1,563,451</b>	<b>-</b>	<b>91,918,648</b>	<b>39,795,333</b>	<b>6,394,334</b>	<b>-</b>	<b>46,189,667</b>	<b>45,728,981</b>	<b>50,559,864</b>
	Capital Work in Progress		93,791,800	-	-	93,791,800	-	-	-	-	93,791,800	-
	Previous Year		89,435,197	920,000	-	90,355,197	33,337,259	6,458,073	-	39,795,332	50,559,864	-

Sd/-  
Mg. Director

Sd/-  
Director

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# INTERWORLD DIGITAL LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

DESCRIPTION	31st MARCH, 2009 (Rs.)	31st MARCH, 2008 (Rs.)
<b>5 CASH &amp; BANK BALANCES</b>		
Cash-in-hand (Certified by the management)	349,710	77,600
Balance with Scheduled banks - in Current Accounts	20,063	65,273
	<b>369,773</b>	<b>142,873</b>
<b>6 SUNDRY DEBTORS</b> (Unsecured, Considered Good)		
Outstanding for more than six months	-	-
Others	45,094,335	66,651,218
	<b>45,094,335</b>	<b>66,651,218</b>
<b>7 LOANS &amp; ADVANCES</b> (Unsecured, Considered Good) (Recoverable in cash or in kind or for value to be received)		
Loans & Advance	18,291,500	18,291,500
TDS / Advance tax / self-assessment tax	70,917	3,664,283
Fringe Benefit Tax	-	98,511
Prepaid Expenses	6,526	10,180
Service Tax Input Availed	7,534	
	<b>18,376,477</b>	<b>22,064,474</b>
<b>8 CURRENT LIABILITIES</b>		
Sundry Creditors	4,093,572	36,959,731
Security (Treatre & video)	2,650,000	-
Expenses Payable	607,270	370,571
Other Liabilities	13,353	13,353
Other Advances	500,000	500,000
Duties & Taxes		
Service Tax Payable	23,586	-
TDS Payable	84,425	-
	<b>7,972,206</b>	<b>37,843,655</b>
<b>9. PROVISIONS</b>		
Provision for Taxation	909,941	4,289,514
Provision for Fringe Benefit Tax	93,234	149,258
	<b>1,003,175</b>	<b>4,438,772</b>

Sd/-  
Mg. Director

Sd/-  
Director

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# INTERWORLD DIGITAL LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

DESCRIPTION	31st MARCH, 2009 (Rs.)	31st MARCH, 2008 (Rs.)
<b>10 MISCELLENOUS EXPENDITURE</b> (To the extent not written off or adjusted) <b>Preliminary &amp; Share Issue Expenses</b>		
Opening Balance	160,000	198,500
Less: Written off during the year	38,500	38,500
	<b>121,500</b>	<b>160,000</b>
<b>11 PERSONNEL EXPENSES</b>		
Salaries and other allowances	1,987,896	3,008,843
Food & Beverages Exp.	39,492	191,590
	<b>2,027,388</b>	<b>3,200,433</b>
<b>12 OPERATING AND ADMINISTRATION EXPENSES</b>		
Film Production Exp.	-	160,255
Film Distribution Expenses	3,367,017	-
Printing & stationery	84,816	159,188
AGM / EGM Expenses	72,340	98,600
Auditors' Remuneration	18,200	18,539
Office Expenses	123,021	132,852
Postage & Courier Expenses	101,396	137,689
Internet & Communication Expenses	29,093	95,536
Fee & Subscription	86,857	147,029
Legal & Professional Charges	114,535	55,892
Business Promotion Exp.	24,807	30,600
Membership Fee & Subscription	4,300	7,150
Conveyance expenses	31,555	12,865
Repairs & Maintenance expenses	83,648	38,980
Vehicle running & maintenance expenses	112,315	140,800
Advertisement exp.	43,658	50,379
Office Rent	114,000	165,000
Insurance Exp.	33,607	18,137
Misc. Expenses	14,604	23,251
Preliminary & Share Issue expenses written off	38,500	36,500
Telephone Expenses	116,153	149,035
Travelling Expenses (Hotel, Boarding etc)	333,182	423,753
Water & Electricity Exp.	55,106	115,229
	<b>5,002,710</b>	<b>2,219,259</b>
<b>13 FINANCIAL EXPENSES</b>		
Bank Charges & Commission	6,992	16,370
	<b>6,992</b>	<b>16,370</b>

Sd/-  
Mg. Director

Sd/-  
Director

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# INTERWORLD DIGITAL LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS ON 31.03.2009

## SCHEDULE: 14

### A) SIGNIFICANT ACCOUNTING POLICIES:

#### 1. Accounting Convention

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 except where otherwise stated. The company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

#### 2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements, and the reported amount of revenues and expenses during the reported year. Actual results could differ from those estimates.

#### 3. Revenue Recognition

All Revenue / Income are recognized on accrual basis of accounting.

#### 4. Expenditure

All expenses have been accounted for on accrual basis.

#### 5. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

#### 6. Intangible Assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. Internally generated intangible asset arising from development activity are recognized only on demonstration of its technical feasibility, the intention and ability of the company to complete, use or sell it. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation.

#### 7. Depreciation

a) Tangible Assets: Depreciation on tangible fixed assets is provided on straight-line method at the rate prescribed in Schedule XIV of the Companies Act, 1956, except on Computers for which depreciation has been charged @ 60% on written down value method which is higher than the rate specified in Schedule XIV.

#### 8. Investments

Investments are treated as long term investments and are stated at cost. Any decline in the value of investments other than a temporary decline is recognized and charged to Profit & Loss Account.

#### 9. Income Tax

Tax expense comprises both current and deferred taxes. Current tax is determined on the taxable profits of the year using the applicable tax rates and tax laws. Deferred tax for the year is recognized on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Consequent to the introduction of Fringe Benefit Tax (FBT), the company has made provision for FBT under Income Tax Act.

#### 10. Impairment of Assets

All assets other than inventories, investments and deferred tax assets are reviewed for impairment at each balance sheet date, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount are written down to the recoverable amount.

#### 11. Miscellaneous Expenditure

Preliminary expenses & Public issue expenses are written off over a period of ten years.

#### 12. Contingent Liabilities

Contingent liabilities are not provided for, and if any, are disclosed separately by way of notes.

### B) NOTES TO ACCOUNTS:

1. Balance of Sundry Debtors, Sundry Creditors and Loans & Advances as shown in the accounts are

subject to confirmation. However, in the opinion of the Board of Directors, the current assets, loans & advances are fully realisable at the values stated, if realisable in the ordinary course of business. The provisions for depreciation and all other known liabilities are adequate in the opinion of the Board.

2. Deferred Tax Assets & Deferred Tax Liabilities:

Amount in Rs.

Particulars	Deferred Tax Liability as at 01.04.2008	Current Year Charge	Deferred Tax Liability as at 31.03.2009
On account of difference Between wdv as on 31.03.2009 As per Income tax & Companies Act	1,19,55,100	(24,42,196)	95,12,904
<b>Total</b>	<b>1,19,55,100</b>	<b>(24,42,196)</b>	<b>95,12,904</b>

In accordance with AS 22 issued by ICAI, the company has provided for deferred tax during the year.

3. No provision for the payment of gratuity has been made as none of the employees has put the qualifying period of service for entitlement of gratuity.

4. Allocation of Development expenses is pending to fixed assets.

5. Contingent Liabilities not provided for Bank Guarantees outstanding Rs. NIL (Rs. Nil).

6. Adoption of Accounting Standard 28 on impairment of assets does not have any impact either on the profit for the year or on the net assets of the company as at the year end.

7. Auditors' Remuneration:

	2008-09 (Rs.)	2007-08 (Rs.)
Statutory Audit fee	11,000	11,000
Tax Audit fee	5,500	5,500
Others	1,700	2,039
	<b>18,200</b>	<b>18,539</b>

8. Directors' Remuneration Rs. 3,00,000/- (Previous Year Rs. NIL).

9. The company had received an income tax demand of Rs. 13,353/- during March, 2000 in respect of assessment year 1997-98. However, the same has not been paid in view of the request made by the company to the Income tax Authorities for adjusting this demand against the refund due as per return of income for the assessment year 2001-02 & Income tax Rs. 791215/- & FBT Rs 58617/- related for the A.Y 2008-09 has not been paid by the company till date.

10. Segment Reporting: The company has only one reportable segment.

11. Related Party Disclosures:

List of related parties with whom the company has transacted:

a. Key Managerial Personnel

1. Mr. Man Mohan Gupta
2. Mr. Peeyush Kumar Aggarwal
3. Mr. S. N. Sharma
4. Mr. Sanjay Gupta

	2008-09 (Rs.)	2007-08 (Rs.)
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Related Party Transactions:

A. Transactions during the year

Mr. Man Mohan Gupta	Remuneration	3,00,000	NIL
Mr. Man Mohan Gupta	Rent paid	1,14,000	NIL

B. Outstanding Balances with related parties

NIL

NIL

12. Previous year figures have been regrouped / rearranged / reconsidered, wherever considered necessary.

13.	Earning per share (EPS):	<b>2008-09</b>	<b>2007-08</b>
	a) Weighted average no. of equity shares Outstanding during the year (Face value: Re. 1/- per share)	7,04,00,000	7,04,00,000
	b) Net Profit after tax (Rs.)	46,63,394	46,11,756
	c) Basic / Diluted Earning per share (Rs.)	0.07	0.07
14.	As per information available with the company, there are no outstanding dues to Small Scale Ancillary Industrial Undertakings as at 31.03.2009.		

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

1. LICENSED / INSTALLED CAPACITIES: Not Applicable

2. PRODUCTION AND SALES:

	Unit	PRODUCTION		SALES		31.03.2008	
		31.03.09 Qty.	31.03.08 Qty.	31.03.2009 Qty.	Rs. (Lacs)	Qty.	Rs. (Lacs)
Software Products, Film Production & Services *		--	--				

\* In view of the nature of business and type of products dealt with by the company, it is not possible to express these in any generic unit. Hence, it is neither practicable nor meaningful to give quantitative details.

3. CLOSING STOCK (FINISHED GOODS)

31.03.2009 NIL  
31.03.2008 NIL

4. PURCHASES FOR TRADING

	Unit	31.03.2009		31.03.2008	
		Qty.	Rs. (Lacs)	Qty.	Rs. (Lacs)
Digital Cinemas and IT Products			840.14		3105.81

5. Raw Materials Consumed : Nil

6. Value of imported and indigenous Materials consumed : Nil

7. CIF value of imports : Nil

8. Expenditure in foreign currency : Rs. 4,51,649/-

9. Earnings in foreign currency : Rs. NIL

**For M/s. RMA & Associates**  
Chartered Accountants

**For Interworld Digital Limited**

Sd/-  
Pankaj Chander  
Partner

Sd/-  
Mg. Director

Sd/-  
Director

Place: New Delhi  
Dated: 2<sup>nd</sup> September, 2009

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# INTERWORLD DIGITAL LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

### 1. REGISTRATION DETAILS

Registration No.	:	L72900DL1995PLC067808
Balance Sheet Date	:	31.03.2009
State Code	:	55

### 2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. LACS)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### 3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. LACS.)

Total Liabilities	1945.07	Total Assets	1945.07
Source of Fund		Application of Funds	
Paid Up Capital	704.00	Net Fixed Assets	457.29
Reserve & Surplus	1133.96	Capital W.I.P.	937.92
Secured Loans	0.00	Net Current Assets	548.65
Unsecured Loans	11.98	Investment	0.00
Deferred Tax Liability	95.13	Misc. Expenditure	1.22

### 4 PERFORMANCE OF THE COMPANY (AMOUNT IN RS. LACS)

Turnover	841.06	Total Expenditure	815.58
Profit/Loss before Tax	25.48	Profit/Loss after Tax	46.63
Earning Per Share	0.07	Dividend	0.00

### 5 Generic names of three principal product/service of the company (as per monetary terms)

Film Production, IT Enabled Services, Domain Sales & SMS

For Interworld Digital Limited

Place: New Delhi

Sd/-

Sd/-

Dated: 2nd September, 2009

Mg. Director

Director

# INTERWORLD DIGITAL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	(Rs. in Thousand)	
	Year ended March 31,	
	2009	2008
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before tax and extraordinary items	2,548	6,296
Adjustments for:		
Interest income	-	-
Depreciation	6,394	6,458
Interest & Finance Charges	-	-
Preliminary & Share Issue expenses written off	39	39
<b>Operating cash flow before changes in working capital</b>	<b>8,981</b>	<b>12,792</b>
Cash Flow in Working Capital Activities:		
(Increase)/Decrease in Sundry Debtors	21,557	(46,252)
(Increase)/Decrease in Loans & Advances	3,688	(2,754)
Increase/(Decrease) in Current Liabilities	(33,307)	37,453
Cash provided by / (used in) operating activities	919	1,239
Less: Income Tax Paid	327	705
<b>Net cash provided by / (used in) operating activities</b>	<b>592</b>	<b>534</b>
<b>B. Cash Flow From Investing Activities:</b>		
Sale/(Purchase) of fixed assets	(1,563)	(920)
(Increase)/Decrease in Capital work in progress	-	-
(Increase)/Decrease in investments	-	-
Interest received	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(1,563)</b>	<b>(920)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Increase in capital	-	-
Proceeds from Long Term Borrowings	1,198	-
Increase in Share Premium	-	-
Interest and Finance Charges	-	-
Repayment of Long Term Borrowings	-	-
Miscellaneous Expenditure	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>1,198</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year [(A) + (B) + (C)]</b>	<b>227</b>	<b>(386)</b>
<b>Cash and Cash Equivalents:</b>		
Opening Balance	143	529
Closing Balance	370	143

### Auditors' Report

As per our report of even date attached

For M/s. RMA & Associates  
Chartered Accountants

For Interworld Digital Limited

Sd/-  
Pankaj Chander  
Partner  
M. No. 89065

Sd/-  
Mg. Director

Sd/-  
Director

Place: New Delhi  
Dated: 2nd September, 2009

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**INTERWORLD DIGITAL LIMITED**

Regd. Office: 701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110001

**ATTENDANCE SLIP**

For the 14<sup>th</sup> Annual General Meeting to be held on 30<sup>th</sup> December, 2009 at 09.30 A.M. at 308, Pratap Chambers, Gurudwara Road, Karol Bagh, New Delhi - 110 005.

# Regd. Folio no. \_\_\_\_\_ No. of Shares held \_\_\_\_\_  
# DP ID \_\_\_\_\_ and Client ID \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the company and I hereby record my presence at the 14<sup>th</sup> Annual General Meeting of Interworld Digital Limited.

\_\_\_\_\_  
\*Member's/Proxy's Name

\_\_\_\_\_  
\*Member's/Proxy's Signature

# Fill in as applicable

**Note :** Shareholders are requested to bring this slip at the meeting duly filled in including folio number.

**INTERWORLD DIGITAL LIMITED**

Regd. Office: 701, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110001

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a  
member(s) of the Company, hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him \_\_\_\_\_ of  
\_\_\_\_\_ as my /our proxy to vote for me/us, and on my/our behalf at the  
14<sup>th</sup> Annual General Meeting of the Company to be held on 30<sup>th</sup> day of December, 2009 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

Signature(s) of the Member(s) \_\_\_\_\_

# REGD. FOLIO NO. \_\_\_\_\_

# DP ID \_\_\_\_\_ and Client ID \_\_\_\_\_ No. of Shares \_\_\_\_\_

**SPECIMEN SIGNATURE TO PROXY (I)** \_\_\_\_\_

**(II)** \_\_\_\_\_

- NOTE:** 1. The Proxy need not be a member of the Company.  
2. The Proxy in order to be valid should be duly stamped with revenue stamp of Re. 1/- & executed by the member(s) & the Proxy should reach the Company's Registered office at least 48 hours before the time fixed for the Annual General Meeting.

# Fill in as applicable

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If undelivered, please return to:

**Interworld Digital Ltd.**

Registered Office:

701, Arunachal Building,

Barakhamba Road, New Delhi - 110 001

Telephone : +91.11.43571045

E.mail : [info@interworld.co.in](mailto:info@interworld.co.in)

[www.interworld.co.in](http://www.interworld.co.in)

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